

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 19 – SB 54

March 25, 2014

**SUMMARY OF ORIGINAL BILL:** Removes a county from liability for payment of any vested and duly-recorded contractual fees or assessments secured by a non-governmental entity on a property prior to it being purchased by the county at a tax sale. Requires the county to retain an exemption from liability for assessed fees for a period no greater than 24 months from the date of entry confirming the purchase of the property by the county. Authorizes the county at any time to surrender the property to the non-governmental entity claiming lien rights to the property.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease Local Expenditures - Exceeds \$200,000/One-Time/Hickman County

Other Fiscal Impact – To the extent Hickman County is a party to litigation in the future concerning fees or assessments on property purchased by the County at a tax sale, there will be subsequent one-time decreases in local government expenditures (for Hickman County) reasonably estimated to exceed \$200,000.

**SUMMARY OF AMENDMENT (015335):** Deletes all language after the enacting clause. Authorizes a tax entity, when acquiring undeveloped or unimproved property at a tax sale, to transfer such property to a non-governmental entity for the purpose of satisfying in full any fees assessed by the non-governmental entity, as approved and negotiated by both entities. No judgment or lien shall be entered against the tax entity regarding the payment of such assessments or fees from the date of approval of such transfer of property and during the period of any negotiations.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Other Fiscal Impact – To the extent a local government is a party to litigation in the future concerning fees or assessments on property purchased by the local government at a tax sale, there will be subsequent one-time decreases in local government expenditures reasonably estimated to exceed \$200,000.**

Assumptions for the bill as amended:

- In 2010, a suit was filed against Coffee County by a non-governmental entity that resulted in the court finding the county liable for payment of fees assessed by the non-governmental entity in excess of \$200,000.
- The fiscal impact of this bill as amended on local government is dependent upon several unknown factors such as whether a local government will be held liable for contractual fees and/or assessments by non-governmental entities in the future under current law, the total amount of fees that would be assessed, and the costs for litigation. Given the extent of unknown factors, determining a precise fiscal impact for local government is difficult. However, it is reasonable to assume this bill as amended will provide cost savings to local governments. To the extent a local government is a party to similar litigation in the future, the subsequent one-time decreases in local government expenditures is reasonably estimated to exceed \$200,000.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

/jrh